

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

March 3, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Davidson, Lee, Mosher, and Noble

ABSENT: Councilmember Creighton

1. Executive Session

Deputy Mayor Degginger opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 45 minutes to discuss one item of pending litigation, one item of potential litigation, and one labor negotiations item.

The Study Session resumed at 6:36 p.m. with Mayor Marshall presiding.

2. Study Session

(a) Finance and Human Resources System Replacement Project Update

City Manager Steve Sarkozy opened the discussion about the Finance and Human Resources System Replacement Project, also known as the ERP (Enterprise Resource Planning) system. The project will be implemented and funded in phases. Staff is requesting approval of \$340,000 in expenditure authority to cover due diligence analysis/staffing and maintenance and operations (M&O) costs through June 30, 2003.

Chief Information Officer Toni Cramer reported on the status of software selection for the project. Vendor demonstrations were held in February with MUNIS and SunGard and in March with JD Edwards. Ms. Cramer described the portability of the system, which is installed on a server, and noted that the software is the smallest part of the project budget. She reviewed items to be covered by the expenditure of \$340,000 including contract negotiation, a fit analysis, site visits, and staffing/M&O costs.

Cathryn Laird, Human Resources Assistant Director, explained that the ERP system will remedy the current need for duplicate data entry into multiple systems while addressing data integrity and security issues. The new system will allow staff to collect more data while giving

appropriate views of sensitive data to those individuals that need it without compromising security.

Dan Dewald, Parks Natural Resources Manager, described how the new system will allow online, real-time data inquiry and custom report generation.

Allison Crow, Acting Transportation Finance Manager, said the new system will automatically encumber contract balances and allow staff to focus on monitoring and forecasting project costs by reducing the time spent on data collection and reconciliation. Dave Berg, Transportation Assistant Director, explained that the ERP system will have a robust project costing function and enhance staff's planning, tracking, and reporting capabilities.

Judy Duby-Smith, Finance Purchasing Supervisor, reported on the benefits in the processing of purchase requisitions. The ERP system will track requisitions, provide electronic signature authority, and simplify the audit process.

In terms of next steps, Ms. Cramer said contract negotiations will continue through mid-2003, followed by the implementation of core financials in 1st quarter 2004.

Responding to Deputy Mayor Degginger, Project Manager Cathy Johnson said travel expenses will allow staff to visit offices utilizing the software as well as the vendor's headquarters.

Mr. Lee expressed support for staff's approach and their due diligence efforts. Ms. Cramer agreed that it is important to be able to observe software installations and talk to the users to have confidence in the City's ultimate decision.

Mr. Noble supports the site visits to facilitate selection of the best vendor for the City. Mr. Mosher concurred.

- ☉ Mr. Mosher moved to authorize an additional \$340,000 in expenditure authority to cover due diligence analysis and staffing as well as maintenance and operations costs through June 30, 2003. Dr. Davidson seconded the motion.

Mr. Lee will support the motion but expressed concern about the cost of selecting a vendor.

- As an amendment, Deputy Mayor Degginger moved to approve travel costs up to \$15,000 only without additional Council approval, and Mr. Lee seconded the motion.

Mayor Marshall expressed support for staff's recommended approach. Dr. Davidson and Mr. Mosher said they will oppose the amendment. Mr. Mosher feels staff will not spend the funds unnecessarily.

- The amended motion to approve travel costs up to \$15,000 only without additional Council approval failed by a vote of 1-5, with Deputy Mayor Degginger in favor.

Mr. Sarkozy said a thorough analysis of the vendors and software will enable staff to make the best long-term decision for the City.

- ☉ The motion to authorize an additional \$340,000 in expenditure authority to cover due diligence analysis and staffing as well as maintenance and operations costs through June 30, 2003, carried by a vote of 6-0.

(b) Occupancy Options for former Qwest building at 450 – 110th Avenue NE

Mr. Sarkozy noted this agenda item continues Council's ongoing discussion about how to use the former Qwest building for the best benefit of the community.

Planning and Community Development Director Matt Terry showed a video summarizing the City's purchase of the Qwest building and encouraging the community's involvement in the decision of how to occupy and use the facility. Public Safety will utilize one-third of the building and remaining space is large enough to accommodate all current City Hall Campus functions, if feasible.

Mr. Terry said the purpose of tonight's discussion is to present occupancy scenarios under consideration for the new City building as well as associated financial, service delivery, and urban/economic development implications. The City is currently conducting public outreach activities to involve the community in the occupancy decision. A public open house is scheduled for March 4 and a public hearing before the Council is scheduled for March 10.

The Technical Advisory Committee appointed by Council is currently reviewing financial data for each alternative. The TAC has been asked to advise Council on the following questions:

- How does the City want to use the building?
- How much will it cost to adapt the building to City uses?
- How will the City pay for the building and improvements?

Mr. Terry recalled Council's decision to locate public safety functions in the new building, which will occupy approximately 35 percent of the space. Four main occupancy scenarios have been modeled by Finance Department staff:

- Public Safety with remaining space vacant (2006),
- Co-locate Public Safety and current City Hall Campus functions (2006),
- Public Safety with remaining space to be leased to non-City tenants (2006),
- Public Safety (2006) with phased relocation of City Hall Campus functions (by 2013).

In addition, staff has modeled options for locating municipal courts in the new building or off site in leased space. Mr. Terry said the criteria for evaluating occupancy scenarios are primarily financial (initial and long-term costs), service delivery, and urban/economic development. Detailed assumptions underlying the financial analysis, including project cost components and maintenance and operations (M&O) costs, are provided in the Council packet.

Mr. Terry displayed and described a chart of estimated costs for the occupancy alternatives. He said it is too early to draw definitive conclusions and the TAC has requested additional sensitivity analysis of the financial models and assumptions. Preliminary results indicate that co-location of Public Safety and all City Hall functions represents the lowest long-term costs. Scenarios requiring the maintenance of two or more facilities do not perform as well in the analysis. M&O costs are a significant factor over the term of the analysis. From a financial and operational standpoint, locating courts at another site appears to make the most sense.

Mr. Terry reviewed a chart comparing each alternative's impact on Capital Investment Program (CIP) revenues, with the All Campus Services option showing the least impact. In terms of service delivery, Mr. Terry said two locations would require duplicate public interfaces. The current City Hall provides good service. However, the new building provides an opportunity for an improved service delivery model with a "one stop" approach to most City services on the main floor. Urban and economic development implications include the opportunity for a civic center anchor at the east end of the Pedestrian Corridor, the potential for a public plaza, and an economic boost to the downtown.

Mr. Terry said Council is scheduled to hear the TAC's recommendations on March 17 and to provide preliminary direction regarding the building's occupancy on March 24. Council direction regarding the project scope and budget is anticipated in June.

Councilmember Lee noted the perception by some in the community that Council has already made up its mind about the building's occupancy. He encouraged the public to become involved and provide feedback to Council.

Deputy Mayor Degginger cautioned against overspending on the building's remodel but looks forward to learning more about the options.

(c) Factoria Boulevard Project Update

[Item postponed to next week.]

At 7:55 p.m., Mayor Marshall announced recess to the Regular Session.

Myrna L. Basich
City Clerk

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